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MEMORANDUM

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TO: Docket Control
FROM: Ernest Johnson
Director
Utilities Division

2008 MAR 14 4:11

AZ CORP COMMISSION
DOCKET CONTROL

DATE: March 14, 2008

RE: **COMPLIANCE FILING FOR DECISION NO. 68826 – STAFF RESPONSE TO THE “NOTICE OF COMPLETION” FILING FOR THE REQUEST TO LIFT THE MORATORIUM FOR SOUTHERN SUNRISE WATER COMPANY – COCHISE AND HORSESHOE WATER SYSTEMS**

DOCKET NO. W-20453A-06-0247 (CC&N FOR NORTHERN SUNRISE WATER COMPANY)

DOCKET NO. W-20454A-06-0248 (CC&N FOR SOUTHERN SUNRISE WATER COMPANY)

DOCKET NOS. W-20453A-06-0251, W-20453A-06-0251, W-20454A-06-0251, W-01646A-06-0251, W-01868A-06-0251, W-02235A-06-0251, W-02316A-06-0251, W-02230A-06-0251, W-01629A-06-0251, W-02240A-06-0251 (TRANSFER OF MCLAIN SYSTEMS)

Introduction

Pursuant to Decision No. 68826 (dated June 29, 2006), Northern Sunrise Water Company, Inc. (“NSWC”) and Southern Sunrise Water Company, Inc. (“SSWC”) or collectively (“Companies”) docketed on February 14, 2008, a “Motion For Extension of Time to Comply With Decision No. 68826” to complete certain capital improvements to their water systems. In the motion, the Companies stated that “Southern Sunrise will complete the improvements to the Cochise and Horseshoe Ranch water systems by February 19, 2008”.

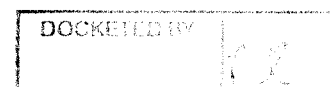
The Decision ordered “that after the projects for a system or systems are completed, NSWC and SSWC shall file a notice of completion in this docket, which should include an Approval of Construction from ADEQ for those projects requiring ADEQ approval. Staff shall have 20 calendar days to complete its inspection and review of the filing and file any objection or its concurrence with the Notice. If the Staff memo concurs that the projects are completed, the moratorium would be considered lifted for that system or systems.”

On February 25, 2008, Algonquin Water Services’ (“Algonquin”) contacted Staff to schedule a field inspection date.¹

¹ Algonquin is the parent entity of NSWC and SSWC.

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On March 12, 2008, SSWC filed a "Notice of Completion" for the SSWC-Cochise and Horseshoe water systems.

Staff's Review and Conclusions

The following represents Staff's findings as a result of its field inspection and review of other information provided by Algonquin in support of the Notice field on March 12th:

1. On March 4, 2008, Staff conducted a field inspection of the SSWC-Cochise and Horseshoe water systems, accompanied by Algonquin representatives; John Chelus, Martin Garland, Larry Diaz and Jai Altamirano. Staff verified that all the Cochise water system improvement projects had been completed (15 items at the Naranja Well Site and 3 items at the Jaxell Road Well Site). Staff also verified that all the Horseshoe water system improvement projects had been completed (10 items at the Sunshine site).
2. The Arizona Department of Environmental Quality ("ADEQ") Approval of Construction ("AOC") documents referenced in Decision No. 68826 were not required for the subject SSWC-Cochise and Horseshoe water system improvement projects. Each improvement project involved the repair or replacement of existing water facilities that cost less than \$12,500 to complete and as a result did not require ADEQ plan review, or that an AOC be issued.²
3. During the field inspection for the Horseshoe system, Algonquin provided Staff additional support documentation for the Horseshoe system interconnection with Bella Vista South system. The documents provided showed that the required reporting records were submitted to ADEQ; i.e., as-built map, pressure testing results, chlorination results and bacteriological results.

Staff Recommendation

Having verified that the SSWC-Cochise and Horseshoe water system improvement projects have been completed, Staff recommends that the existing moratorium be lifted for the Cochise and Horseshoe water systems.

EGJ:MSJ:red

Originator: Marlin Scott, Jr.

² Per A.A.C. R18-5-505.B.3 (waiver of plan review requirements).

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Docket No. W-20453A-06-0247 et al

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